

Kellie Martinec

From: Ben Shepperd <ben@pbpa.info>
Sent: Monday, April 01, 2013 11:48 AM
To: rulescoordinator
Subject: PBPA Rule 13 Comments
Attachments: PBPA Rule 13 Comments 04.01.13(2).pdf

Dear Coordinator:

Please see the attached comments from the Permian Basin Petroleum Association on Railroad Commission proposed Rule 13.

Ben Shepperd
President
Permian Basin Petroleum Association
P.O. Box 132
Midland, Texas 79702

Phone: 432-684-6345



April 1, 2013

Rules Coordinator
Office of General Counsel
Railroad Commission of Texas
P.O. Box 12967
Austin, Texas 78711-2967

Re: 16 TAC §§3.13, 3.99, 3.100; Proposed Rule Making

Dear Rules Coordinator:

The Permian Basin Petroleum Association (PBPA) appreciates the opportunity to comment regarding the proposed amendments to Railroad Commission (Commission) Statewide Rule 13. The PBPA is an oil and gas trade association based in Midland, Texas, and is an advocate for the Permian Basin region of west Texas and southeast New Mexico. With over 900 member companies, it is the largest association of its kind in the United States. Additionally, the Permian Basin is the most prolific oil producing region in North America. Approximately 70% of the oil produced in Texas comes from this region.

Accordingly, we remain interested in the proposed changes to Statewide Rules 13, 99, and 100.

The PBPA and our members share the Commission's desire to protect groundwater. Wellbore integrity is the top priority for our operators, not only from the standpoint of protection of groundwater but for economic considerations, as well.

However, PBPA is concerned that the proposed rule as written contains some very onerous language that has the potential to greatly impact many operators in the Permian Basin, potentially adding substantial costs per well to the drilling, casing and cementing program for each well. Compliance with these proposed regulations, as drafted, will negatively impact drilling budgets substantially.

PBPA offers the following comments which have been discussed with Commission staff over the last several weeks.

P. 28, line 1: at the end of the "Intent" section, recommend the following language be added

"Operators are to report bradenhead pressure to the RRC according to the requirements of SWR 17. Bradenhead pressure notifications will be evaluated on a case by case basis by the RRC regarding further action. The RRC will provide guidance to assist operators in wellbore evaluation."

P. 28 Line 11: add "the lessor of" to (ii) For the intermediate or production casing strings, "the lessor of" the bottom 20% ...etc.

P. 28 Line 21 (E): delete the term "Associated Gas Zone" and replace with "Gas/Oil Contact Zone" to avoid confusion with accepted nomenclature.

P. 29 Line 11 (j): replace "and/or" in "initiating and/or propagating fractures" with "and" to be consistent with definitions in other rules. Specifically exclude acid jobs, perforating, or other non fracture treatment completions activities. RRC concurs that a hearing would be a conclusive determination if well was a minimum separation well. Recommend concept be added to preamble with clear statement of the pathway to a hearing.

P. 29 Line 24/25 (iii): Add (iii) "Any parties who contest these determinations may request a hearing at the Railroad Commission"

P. 29, Line 28 and on P. 30, Line 6 we recommend the following language be added to ensure all operators have equal access to the same information to comply with the Commissions regulation

"The RRC will maintain a list of known zones by district and field that are considered potential flow zones and corrosive zones, and make this information available to all operators."

P. 30 Line 4: Delete line 4 and line 5 "sufficient to cause the fluids in the annulus to maintain static fluid levels at or less than 250 vertical feet below the protections depth." Or, add at end of sentence "Any parties who contest these determinations may request a hearing at the Railroad Commission"

P. 30 Line 6 (O): add to definition of corrosive zone "as designated by the director or identified by the operator using available data".

P. 31 Line 21 (D): add ""as designated by the director or identified by the operator using available data".

P. 31 line 20 (v): Add to "as otherwise approved by district director" the following ... "such as in the use of proven coated casing. Any parties who contest these determinations may request a hearing at the Railroad Commission"

P. 33 Line 3 (ii): Add " For wells in H2S areas, "as defined by the Railroad Commission", ..."

P. 33 Line 10 (iv) Add "All BOP controls" shall be accessible on rig floor.

P. 33 Line 15 (vi) add "as needed" to end of sentence.

P. 34 Line 16 (I) delete "before drilling into high pressure formations". No operator should ever drill into a formation whose pressure exceed casing or BOP tested strength.

P 35 Line 6: add " Mud pit levels shall be monitored "visually or mechanically" during the drilling process".

P. 37 Line 10: Reduce the internal yield pressure in the proposed rule from 1.15 to "1.10" based on the manufacture's testing of the pipe.

P. 43 Line 3: It is recommended that all completions and cement reports be due to the RRC at the same time, not at a staggered interval.

P 45 Line 26 (v) : "such as in the use of proven coated casing. Any parties who contest these determinations may request a hearing at the Railroad Commission"

P. 46 Line 27: allowance should be made for proven external coating, recommend the addition of ""such as in the use of proven coated casing. Any parties who contest these determinations may request a hearing at the Railroad Commission"

P 47 Line 2 (D): Change "Associated Gas Zones" to "Gas/Oil Contact Zone".

Miscellaneous

Role of District Director in Corrosive and Flow Zones: RRC district personnel will review completion reports and include flow and corrosive zones in this review. No impact on rule language.

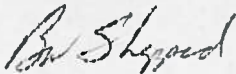
EOR Zones: no intent to limit EOR activities by requiring cement across the zones within 1/4 mile, they can be perforated if part of a EOR project. Recommend adding concept to preamble.

Frac and completion paperwork submittals: RRC will coordinate frac information and completion paperwork with 90 day deadline for operators.

Thank you again for the opportunity to comment. We appreciate the dedicated work of Commission staff on these complicated issues.

The PBPA looks forward to continuing to work with the Commission on this proposed rulemaking.

Regards,



Ben Shepperd
President